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## **National Intelligence Daily**

Tuesday 12 January 1982

State Dept. review completed

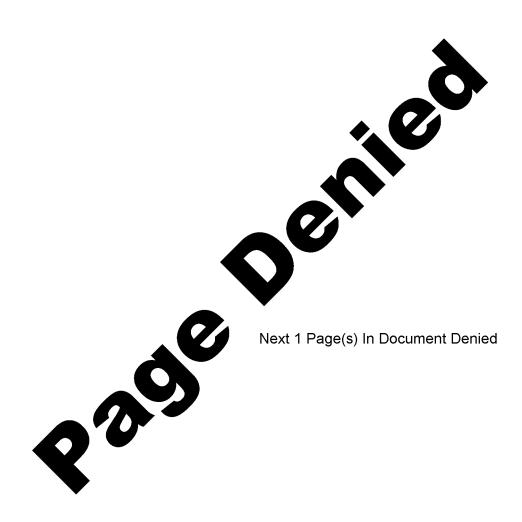
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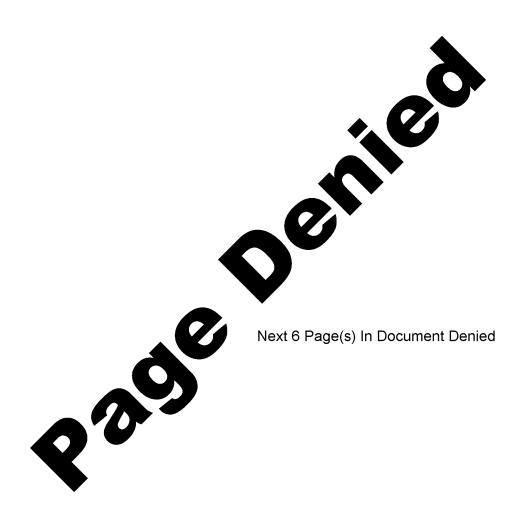
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	SPECIAL ANALYSES	
(9	EGYPT-ISRAEL: Prospects for Autonomy Talks	(1
1	More than two years of Palestinian autonomy talks have failed to narrow significantly the differences between Cairo and Tel Aviv. Neither side appears willing to make the concessions necessary to reach an agreement.	5 <b>X</b> 1
6/2	In recent talks with high-level US and French visitors, the Egyptians were pessimistic about the prospects for a breakthrough. Foreign Minister Ali indicated, moreover, that Egypt does not want the talks accelerated or given a high profile as the deadline approaches for Israel's withdrawal in April from Sinai.	25 <b>X</b> 1
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	After April	
4	matter what agreements are reached by the US, Israel, and	5X1
	Egypt.	25 <b>X</b> 1
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Egypt realizes, however, that a precipitate with-drawal from the autonomy talks after April could lead to Israeli annexation of the West Bank and Gaza. Mubarak probably calculates that sooner or later Israel will give Egypt justification for pulling out-perhaps by carrying out airstrikes in Lebanon or moving the prime minister's office to East Jerusalem. He would then blame Israeli intransigence and expect the US to keep Israel from annexing the West Bank.

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## Israeli Perceptions

Israeli leaders have emphasized that their apprehensions about Egypt's commitment to the peace process and possible return to the Arab fold after April rule out major concessions on autonomy. Foreign Minister Shamir late last month told a political meeting that "we need a few years to clearly ascertain the fate of peace with Egypt." He indicated that Israel would take no "further risks" beyond the Camp David accords, which Prime Minister Begin's government regards as providing only for narrowly circumscribed Palestinian self-rule.

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Shamir and other Likud leaders have made the same point in recent meetings with visiting US officials. They have pointed out that Washington should consider Israel's annexation of the Golan Heights last month a signal that Tel Aviv will not agree to further territorial or other major concessions on security-related issues after the final Sinai pullout.

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By taking this line, the Israelis aim to head off US pressures for greater flexibility on key autonomy issues to pave the way for an Israeli-Egyptian agreement before April. Shamir has publicly predicted that Secretary of State Haig will open such a campaign during his visit this week.

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## Begin's Position

Begin would welcome an autonomy agreement, hoping that it would help head off Egypt's return to the Arab fold after April. He also would regard an agreement as a major step toward setting in train the five-year tran
// sitional period called for in the Camp David accords.

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Begin has said that during this time he intends to assert Israel's claim to sovereignty over the West Bank and Gaza.

The Prime Minister nonetheless wants to put US-Israeli relations back on a more cordial basis, in part to gain Washington's agreement to restore the Memorandum of Understanding on strategic cooperation. To this end, he may try to seem more flexible by making new proposals on the procedures to be used for election of a self-rule regime, on its size, and on its administrative functions. Begin may present such ideas to Mubarak during his planned visit in February with the aim of putting the onus on Cairo if the deadlock on autonomy persists.

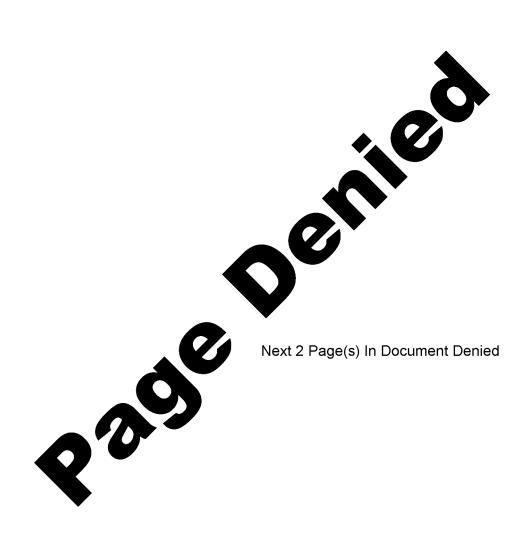
The Israeli leader and his coalition colleagues are acutely interested in possible US intentions to appoint a new special mediator—an action Tel Aviv would regard as signaling an increase in US involvement. The Israelis also will be watching closely the US vote in the Security Council on Syria's Golan resolution.

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